Utah Disaster Recovery Restricted Account Amendments – HB 423

BACKGROUND

Utah has been fortunate to have access to one of the best Disaster Recovery Funds in the nation. While we never know when an emergency or disaster will strike, we do have the assurance that we have some resources available for our immediate response and recovery efforts. HB 423 has been drafted to focus on addressing two issues that have been impacting the Utah Division of Emergency Management's (DEM) ability to effectively carry out mission objectives to mitigate, prepare for, respond to, and recover from emergencies, disasters, and catastrophic events. The two main issues are identified below and can be addressed through the corresponding proposals:

ISSUE #1

The Division of Emergency Management is restricted in its ability to access the State Disaster Recovery Restricted Account due to threshold limits and pre-authorization requirements to expend funds.

PROPOSAL #1

Make changes to the thresholds and reporting requirements associated with the Disaster Recovery Restricted Account to allow for a more effective and efficient response to a disaster or emergency.

1 – Authorize DEM, at the Division level, to expend or commit to expend up to $500,000 per State Fiscal Year (Currently limited to $250,000)

2 – Authorize DEM to expend or commit to expend over $500,000, but no more than $3 million with approval of the Governor and a report to the Speaker of the House, President of the Senate, Division of Finance, Office of the Legislative Fiscal Analyst, Executive Offices and Criminal Justice Appropriations Subcommittee and the Legislative Management Committee. (Currently limited to the range from $250,000 up to $1 million)

3 - Authorize DEM to expend or commit to expend over $3 million, but no more than $5 million with the approval of the Governor and a positive recommendation from the Executive Appropriations Committee. (Currently limited to the range from $1 million up to $3 million)

ISSUE #2

The Division of Emergency Management receives in excess of 90% of its funding from federal grants. This reliance on federal funding has created budget uncertainty for the agency due to the federal government's inability to pass budgets on time and the shutdowns that further delay the ability for the states to receive FEMA and Homeland Security grants. As a result, DEM has had to rely on borrowing authorized carryover funds from the Department of Public Safety to balance its budget at the close of the State Fiscal Year. This loan is later reimbursed when the federal grants are awarded. This is an ongoing issue created by the federal government's inability to pass a budget in a timely manner. DEM's grant funding is being delayed by an average of 9 months.

PROPOSAL #2

Appropriate one-time funding from the Disaster Recovery Restricted Account (DRRA) down to the Division of Emergency Management (DEM) through FY 2019 Supplemental Funding.

1 - $3.2 million to be appropriated to DEM from the DRRA to allow for the budget to catch up with incurred expenses, therefore shifting DEM's reliance on the Emergency Management Performance Grant (EMPG) to the second year of the grant's performance period

2 – This action will decrease the Division's need to borrow funds to balance its budget at the end of the State Fiscal Year.

BENEFITS

Streamline the State's ability to effectively respond to an emergency or disaster while maintaining fiscal oversight.